



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

MINUTES OF A MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM OPERATIONS COMMITTEE

HELD ON
Thursday, February 18, 2010
10:30 a.m., Arizona Time

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in regular session in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Steven Zeman, Chair, called the meeting to order at 10:30 a.m.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Steven Zeman, Chair
Mr. Michael Townsend, Vice-Chair
Dr. Keith Meredith (Via Teleconference)
Mr. David Byers

A quorum of the Committee was present for the purpose of conducting business.

2. Approval of the Minutes of the December 10, 2010 OC Meeting

Motion: Mr. David Byers moved the minutes of the December 10, 2010, OC meeting be adopted. Mr. Michael Townsend seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding Service Levels and Performance in Member Contact Centers Including the Member Services Advisory Center

Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, addressed the Committee regarding service levels and performance in the member contact centers. He stated workload and service demand has been rising noticeably since the beginning of July 2009, and those increases have started to have a detrimental effect on service levels and performance. He said the increase was due to a variety of factors including greater contact with members, the state of the economy, concerns about furloughs, layoffs and pay cuts, and changes in State health insurance coverage.

Mr. Guarino stated the ASRS is taking steps to mitigate the effects by reallocating staff to assist in the Member Services Division as well as enhancing communications with members and retirees. He said ASRS staff believes the general trend in greater demand on service and workloads will continue through at least the end of 2010.

Mr. Guarino said he would continue to keep the Committee updated on service levels and performance as warranted.

4. Presentation, Discussion and Appropriate Action Regarding the Status of ASRS Strategic Initiatives and Technology Projects

Mr. Anthony Guarino introduced Ms. Valerie Burkett, Project Manager, Technology Services Division, who gave the Committee an update on the accomplishments of the first year of the three-year strategic initiatives plan. The accomplishments included enhancements to the ASRS website, development of performance reports that support the ongoing management of work processes, and other work and strategic enhancements that have been identified by various business units to correct operational deficiencies, improve operational efficiency, or provide cost savings to the agency. Ms. Burkett then discussed the ongoing production support activities including data changes, service requests, system upgrades, and yearly production support. Mr. Guarino stated that most initiatives and projects were on track per the Strategic Plan.

5. Presentation, Discussion and Appropriate Action Regarding the New Defined Contribution Plan(s)

a. Vendor Selection

b. Vendor and Product Model

Mr. Guarino introduced Mr. Patrick M. Klein, Assistant Director, External Affairs Division, who gave a brief overview of the vendor and plan model recommendation of the Request For Proposal (RFP) Evaluation Committee and noted the Operations Committee had been given confidential information regarding that recommendation. He stated the Operations Committee had the option of going into Executive Session to discuss the recommendation or approve the recommendation based on the information received.

Motion: Mr. David Byers moved to accept the recommendation of the RFP Evaluation Committee and recommend to the ASRS Board a vendor selection and plan model. Mr. Michael Townsend seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstentions, and 0 excused, the motion was approved.

6. Presentation, Discussion and Appropriate Action Regarding Continuous Auditing by the ASRS

Mr. Guarino introduced Mr. Bernie Glick, Chief Internal Auditor, who presented the Committee with a review of the continuous auditing process used by the ASRS. He gave a brief review of the in-house auditing procedure and discussed the continuous monitoring areas including the

death process, refund payments, accounts payable, data integrity and reporting shortfalls. Mr. Glick also provided examples of the various tests used as part of the auditing process.

7. Request for Future Agenda Items

1. Mr. Byers requested a future discussion on investment fees and their impact.
2. Mr. Byers also requested that CEM Benchmarking address the Committee in the future.

8. Call to the Public

No members of the public addressed the Committee.

9. Adjournment of the OC

Mr. Steven Zeman adjourned the meeting at 11:45 a.m.

Respectfully Submitted by,

Zachary Kucera
Committee Secretary

Date

Anthony Guarino
Deputy Director and Chief Operations Officer

Date